

VZCZCXYZ0003
RR RUEHWEB

DE RUEHIN #0059/01 0090923
ZNR UUUUU ZZH
R 090923Z JAN 07
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 3662
INFO RUEHB/AMEMBASSY BEIJING 6168
RUEHHK/AMCONSUL HONG KONG 7399

UNCLAS AIT TAIPEI 000059

SIPDIS

SIPDIS

DEPARTMENT FOR INR/R/MR, EAP/TC, EAP/PA, EAP/PD - DAVID FIRESTEIN
DEPARTMENT PASS AIT/WASHINGTON

E.O. 12958: N/A

TAGS: OPRC KMDR KPAO TW

SUBJECT: MEDIA REACTION: U.S.-TAIWAN RELATIONS

Summary: As the insolvency crisis involving The Chinese Bank stayed in the Taiwan media's spotlight, news coverage on January 9 also focused on President Chen Shui-bian's transit of San Francisco and on the personnel reshuffle currently going on in the KMT. In terms of editorials and commentaries, an editorial in the pro-unification "United Daily News" looked at President Chen's transits of the United States as the result of a 'short-term trading' style in U.S.-Taiwan interaction. The article said Washington's Pavlov-style means of conditioned stimuli toward Chen is a great insult for Chen and for Taiwan. An editorial in the limited-circulation, conservative, pro-unification, English-language "China Post," on the other hand, discussed the three links across the Taiwan Strait and the possibility for Taiwan to sign a free-trade agreement with the United States. The article urged President Chen to open the three links as his first and last chance to leave a legacy. End summary.

A) "Conditioned Relations between the United States and Chen Shui-bian"

The pro-unification "United Daily News" [circulation: 400,000] editorialized (1/9):

"Chen Shui-bian set out for an overseas visit yesterday, and he has resumed the level of treatment of [being able to] 'transit the continental United States,' a move of special significance indeed. As it stands now, one can say that Chen has already got out of the trough in terms of his situations inside and outside Taiwan; an opportunity has appeared for him to rearm and to prepare for a comeback. For Chen, the current situation he is facing within and outside Taiwan is: First, [results of] the Taipei and Kaohsiung mayoral elections have put the DPP on a more stable footing; second, [Chen's remarks that] '[he] will not step down unless [his wife] is found guilty in an initial trial' and his dilatory tactics at the court hearings have alleviated the pressure caused by the scandals of the Presidential Office and the First Family; third, the [government decision] to allow [Taiwan semiconductor manufacturers] to move 0.18-micron manufacturing technology to China, and the upcoming moves to allow the Renminbi be exchanged in Taiwan and allow mainland Chinese tourists to visit the island have all helped to ease tensions cross the Taiwan Strait; fourth, the United States' conditional decision to resume [Chen's] treatment to 'transit the continental U.S.' is akin to endorsing Chen's political struggle.
..."

"A lasting tacit agreement built on solid mutual trust is obviously missing from the interaction between Washington and Chen, which has turned into a 'case by case' and 'retail' behavior. One 'case' that people can hardly bear to look back on took place last May when Washington, due to its deteriorating ties with Taiwan as a result of [Chen's decision to] 'cease the functions of the National Unification Council,' ordered Chen to transit Alaska in a humiliating manner, while Chen, angered as a result of embarrassment, staged an 'odyssey' in return.

"This time, Chen knocked on the U.S. door again. Rumors had it at first that Washington wanted to 'review' Chen's New Year Day's address in advance, but it turned out that there was no wording regarding a 'campaign for Taiwan's new constitution' in his address.

As it followed, the United States, while announcing that it agreed to Chen's transit request, has unprecedentedly said [such a decision] 'accords with the United States' one China policy.'

Afterwards, Chen said in a roundabout way when receiving foreign guests that he supports 'the foundation of a consensus reached during the [cross-Strait] talks in Hong Kong in 1992,' a move that seemed to have made a revision to his 'anti-China' remarks in the New Year Day's address, as the '1992 Consensus' is precisely 'one China, with both sides free to interpret what that means.' Or even Chen's recent endorsement of [Premier] 'Su's revisionist line,' as one recalls now, seemed to be a kind of political leverage he used to pave for the way to [be able to] 'transit in the continental United States.' ... Given all these moves above, the haggling between the Taiwan and U.S. authorities over '[Chen's] transit of the continental U.S.' this time have thus constituted yet another 'case.'

"Evidently, the interaction between Taiwan and the United States has turned out to be a 'short-term trading' style of operation. When Chen deviated from the normal track last May, the United States punished him for that; when he appears to be tamed as now, Washington awards him. This is the United States' way of [using] 'Pavlov's means of conditioned [stimulus-response],' but it is a great insult for Chen and for Taiwan. ... After Chen returns from his trip, he should drop the 'short-term trading' style of operation, which will only sabotage mutual trust between Taiwan and the United States. He should re-establish credibility in U.S.-Taiwan relations and develop a lasting and strong tacit agreement between the two. In addition, he should, without a doubt, get rid of the always-changing 'short-term trading' style of manipulation when it comes to making other major domestic and

foreign political and economic policies. Only by doing so can Taiwan embrace a great and lasting future."

B) "San Tong a Chen legacy?"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (1/9):

"Taiwan's most important ally, the United States, has refused to negotiate a free trade agreement (FTA) with the island in an apparent rejection of Taipei's repeated China-provoking policies that threaten to jeopardize U.S. geopolitical, military and economic interests. Frequent policy surprises of independence-leaning President Chen Shui-bian have diverted U.S. focus from crises in Iraq, Iran, Afghanistan and North Korea.

"Washington thus has also been forced to plead with Beijing not to raise tensions in the Taiwan Strait as the U.S. tries to abort those provocations. President Bush has been 'Taiwan's guardian angel.' But Chen has angered him with many surprises. Last May, Washington sent a ranking official to openly voice U.S. displeasure with the Chen administration's mainland policy. But the U.S. warnings were overshadowed by sensational stories of corruption scandals involving the president, his wife, in-laws and close aides. Few heard them.

"Deputy Trade Representative Karan K. Bhatia, the highest U.S. official to visit Taipei in six years, came to formerly turn down President Chen's appeal for an FTA. 'Washington has a very full trade agenda until 2007, making new FTA discussion (with Taiwan) impossible,' Bhatia told Chen. ... Bhatia also bluntly warned against Chen's China-phobic economic policy, saying restrictions towards the mainland -- such as the ban on direct air and sea transport links (the three-links or san tong) -- 'create uncertainty as well as a distinctive competitive disadvantage for Taiwan.'

"Stephen Young, director of the American Institute in Taiwan (AIT), offered similar advice last month. 'We encourage Taiwan to negotiate with China to open the three links as soon as possible,' Young said in an address to the American Chamber of Commerce here. 'The longer Taiwan waits to open the three links, the greater risk it faces of placing itself outside of regional integration trends.'

Year 2007 is the last year for Chen to achieve anything. 'San tong' is his first and last chance to leave a legacy."

YOUNG